

**FINANCIAL REPORT**  
**Livingston Council on Aging**  
**Denham Springs, Louisiana**

**June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/27/10

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**Livingston Council on Aging  
Denham Springs, Louisiana**

**June 30, 2009**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Livingston Council on Aging**

### **An Area Agency on Aging**

**June 30, 2009**

The following discussion and analysis of the Livingston Council on Aging's (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The Council's assets exceeded its liabilities at the close of fiscal year 2009 by \$607,001, which is a decrease of \$187,966 or 23.6% from the last fiscal year.
- The Council's revenues, on a modified accrual basis, increased by \$145,344, or 10.4%.
- The Council's expenditures, on a modified accrual basis, increased by \$259,059, or 16.95%.
- The Council did not have any deficit fund balances.
- The unreserved, undesignated fund balance of the General Fund decreased by \$229,837 or 46.4%.
- Net capital assets increased by \$50,260, or 93.5%.
- The Council's major liabilities consisted of current liabilities due to vendors of \$53,697.
- The Council did not have any long-term debt at year-end.
- Administrative expenses increased this year by \$53,410 or 15.8% from last year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

**OVERVIEW OF THE FINANCIAL STATEMENTS AND HOW TO USE THESE FINANCIAL STATEMENTS**

The Council's annual financial report consists of six parts:

- (1) Management's discussion and analysis (this section)
- (2) The basic financial statements (government-wide and fund)
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA
- (5) Supplementary information required by OMB Circular A-133, and
- (6) Auditor reports.

Government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These financial statements provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, the fund financial statements, for governmental activities, tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

The auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor has also provided assurance about the Supplementary Financial Information required by GOEA and OMB Circular A-133 that follows later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

The basic financial statements include two kinds of statements that present different views of the council:

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private sector business. When using these financial statements the user should consider whether the Council's finances, as a whole, have improved or deteriorated since last year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Livingston Council on Aging

(Continued)

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements found on pages 18 and 19 report the Council's net assets and changes in them. The Council has restricted net assets of \$10,333, which must be used for specific purposes, whereas \$492,667 of its net assets are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Assets presents information on all of the Council's assets and liabilities, with the difference being reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. However, to assess the overall financial position of the Council, the user must also consider non-financial factors, such as, the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities presents information showing how the Council's net assets changed during this fiscal year as a result of the Council's activities. In this statement all changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future fiscal periods. The governmental activity of the Council is health, welfare, and social services, which is comprised of five primary programs that include supportive services, nutritional services, disease prevention and health promotion, family caregiver support, and transportation services for the non-elderly. Subprogram activities are also presented to help financial statement users analyze the Council's operations in more detail. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. However, there are a couple of programs where the Council does charge fees for its services, but does not view these programs as business-type activities because the Council's intent is not to make a profit when providing the services. For example, the Council charges fees to transport non-elderly people and, on the surface, the fees appear to have been sufficient to cover the costs of providing this service when reviewing the Statement of Activities. However, non-elderly transportation is just one component of the Council's overall parish-wide transportation program. When all transportation service components are combined, the Council did not make a profit or come close to recovering all of its costs in providing transportation services. Accordingly, the non-elderly transportation program is not viewed as a business-type activity.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Livingston Council on Aging (Continued)**

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Council are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Accordingly, the governmental funds use the modified accrual basis of accounting. Because the focus of governmental funds is narrower than that of the government-wide financial statements, comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements can be useful. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Council has presented the General Fund, Title III B Fund, Title III C-1 Fund, Title III C-2 Fund, Title III E Fund, and Section 5311 Fund as "major" governmental funds. All "non-major" governmental funds are presented in one column on the fund financial statements, titled Non-Major Funds. A combining Schedule of Revenues, Expenditures, and Changes in Fund Balance of the non-major governmental funds can be found on page 75. The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are legally restricted to expenditure for specified purposes. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

#### **Notes to the Financial Statements**

The notes provide additional information that should be read to ensure a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 and should be read before making assumptions or drawing conclusions about the Council's financial condition.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but is believed to be important for the Council's financial statement users. Management did not subjectively consider any funds other than those meeting the 10% criteria to be major funds this year.

Management's Discussion and Analysis (MD&A) is also required supplementary information (RSI) by GASB Statement 34. However, GASB 34 requires it to be presented as the first item in this reporting package and not with GASB's other RSI, which is included later in this reporting package. An important point to consider when reading the MD&A is whether the Council's finances, as a whole, are better or worse as a result of this year's activities.

**OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 75 and 76. This information will be used by GOEA to verify the accuracy of information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

**SUPPLEMENTAL INFORMATION REQUIRED BY OMB CIRCULAR A-133**

OMB Circular A-133 requires a Schedule of Expenditures of Federal Awards to be included as supplemental information. This schedule will present information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

**ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS**

As noted earlier, net assets may serve over time as a useful indicator of the Council's financial position. As of June 30, 2009, assets exceeded liabilities by \$607,001, whereas at the end of last year assets exceeded liabilities by \$794,967.

**Condensed Statement of Net Assets**

	2009	2008	Increase (Decrease)
Current and Other Assets:			
Current Assets	\$ 454,698	\$ 694,033	\$ (239,335)
Other Assets	104,787	101,543	3,244
Capital Assets, net of depreciation	104,001	53,741	50,260
Total Assets	663,486	849,317	(185,831)
Current Liabilities	56,485	54,350	2,135
Total Liabilities	56,485	54,350	2,135
Net Assets:			
Invested in Capital Assets	104,001	53,741	50,260
Restricted	10,333	10,138	195
Unrestricted	492,667	731,088	(238,421)
Total Net Assets	\$ 607,001	\$ 794,967	\$ (187,966)

About 81.2% of the Council's net assets are unrestricted as of June 30, 2009, whereas unrestricted net assets as of June 30, 2008 were 91.9% of net assets. Unrestricted assets are important because they provide management the necessary resources to adapt to changes in the economy, emergencies, unexpected needs, and reduction in or termination of grant revenues by governmental agencies.

Restricted net assets are about 1.7% and 1.3% of total net assets as of June 30, 2009 and 2008, respectively. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Net assets invested in capital assets are presented net of any related outstanding debt to acquire them. There is, however, no debt to be subtracted from the capital assets. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps insure that a decrease in the Council's future revenues will not impact its ability to provide a certain level of service to clients and program participants. Net assets invested in capital assets equal about 17.1% of the 2009 and 6.8% of the 2008 total net assets. These funds are not available for future spending.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Livingston Council on Aging

(Continued)

Current assets decreased by \$239,335 in 2009. At June 30, 2009 about 68% of the Council's current assets are in the form of cash and short-term investments. The Council's cash and short-term investments at June 30, 2009 were \$224,415 less than the amount at June 30, 2008. Accordingly, the large decrease in current assets in 2009 was primarily related to the decrease in cash and short-term investments.

Governmental activities decreased the Council's net assets by \$187,966 and \$97,521 in 2009 and 2008 respectively. The 2009 decrease in net assets was primarily due to the Council increasing direct program expenses for most programs.

The table presented below illustrates a summarized or condensed presentation of the revenues and expenses that caused the change in net assets for FY 2009 and FY 2008, respectively.

	<u>2009</u>	<u>% of Total</u>	<u>2008</u>	<u>% of Total</u>
<b><u>Revenues</u></b>				
Program Revenues:				
Charges for Services	\$ 45,501	3.15 %	\$ 88,140	6.73 %
Operating Grants & Contributions	700,652	48.58 %	660,395	50.42 %
Capital Grants & Contributions	33,541	2.33 %	0	0.00 %
General Revenues:				
Property Taxes, net	537,533	37.27 %	445,936	34.05 %
Unrestricted Grants & Contributions	117,642	8.16 %	92,837	7.09 %
Other General Revenues	7,523	0.52 %	22,525	1.72 %
<b>Total Revenues</b>	<u>1,442,392</u>	<u>100.00 %</u>	<u>1,309,833</u>	<u>100.00 %</u>
<b><u>Direct Program Expenses for the Health, Welfare and Social Services Function:</u></b>				
Supportive Services:				
Transportation for the Elderly	417,668	25.62 %	377,980	26.86 %
Other Supportive Services	215,007	13.19 %	179,527	12.76 %
Nutrition Services:				
Congregate Meals	221,179	13.57 %	178,051	12.65 %
Home-delivered Meals	279,011	17.11 %	234,888	16.69 %
Transportation for the Non-elderly	12,908	0.79 %	21,386	1.52 %
Other Social Service Programs	94,098	5.77 %	78,445	5.57 %
Direct Administrative Expenses	390,487	23.95 %	337,077	23.95 %
<b>Total Expenses</b>	<u>1,630,358</u>	<u>100.00 %</u>	<u>1,407,354</u>	<u>100.00 %</u>
<b>Increase (Decrease) in Net Assets</b>	<u>(187,966)</u>		<u>(97,521)</u>	
Net Assets, Beginning of the Year	794,967		892,488	
<b>Net Assets, End of the Year</b>	<u><u>\$ 607,001</u></u>		<u><u>\$ 794,967</u></u>	

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

**AN ANALYSIS OF GOVERNMENTAL ACTIVITIES**

In both 2009 and 2008, program revenues are comprised mainly of government grants and restricted public support. These revenues must be used for the purposes for which they were given or granted to the Council. There were two new government grants in 2009: ARRA Congregate Nutrition and ARRA Home-delivered nutrition.

The second largest source of revenue in fiscal years 2009 and 2008 was from a local property tax. FY2005 was the Council's first year to receive the property tax. The gross proceeds of the property tax were \$636,884 for 2009 (\$532,499 for 2008). However, the Livingston Parish Sheriff withheld \$99,351 (\$86,563 for FY 2008) of the gross proceeds to pay for the Council's pro-rata share of retirement plan expenses and commissions for the Sheriff's collection efforts. As a result, the Council received net property tax proceeds of \$537,533 (\$445,936 for FY 2008). In the Statement of Activities the net proceeds of the property taxes has been presented as a general revenue because this money can be used to benefit any of the Council's programs. Further, management has elected to offset the gross property tax amount with the amount kept by the Sheriff rather than add it to the Council's administrative expenses because it is not a true administrative expense of the Council.

The Council also received program revenues in the form of charges for services. Charges for services are derived from the Council's FindWork/STEP program and cash fares to transport non-elderly persons. The Council had an approximately 50% decrease in its FindWork/STEP service fees in 2009 versus 2008 because OFS discontinued its contract with the Council as of December 31, 2008.

The expenses in the table above have been presented by primary programs, with some details about significant subprograms. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocations were made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year. The expense allocations are a good indication of the demand for each type of service.

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities in both years are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Livingston Parish and right now these two services are in the greatest demand. However, there is a growing demand for in-home type services and services

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

geared to help individuals stay in their homes and remain in the community. These in-home services include chore, homemaker and family caregiver type services.

Another area of interest on the Statement of Activities relates to the total column wherein the Council illustrates that all but one of the governmental activities have more expenses than revenues. In other words, they are not self-supporting. The providing of these governmental activities relies heavily on general revenues, particularly the local property tax. This financial relationship is expected and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. Without the property tax revenue and the unrestricted grants and contributions, the Council would have a difficult time providing services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services as well as reallocating them to meet future demands.

One indication of whether or not money is being used efficiently is to compare administrative expenses to total expenses. Administrative expenses were about 24% of total expenses in both FY 2009 and FY 2008.

**AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**Fund Balances**

The Council showed a combined governmental fund balance of \$471,118 at the end of this year, which is a decrease of \$245,525 versus the prior year. The General Fund decreased by \$247,470 and the combined fund balances of the Special Revenue Funds increased by \$1,945 this year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

**Revenues**

The combined fund revenues increased \$145,344 this year versus last year, as shown in the table below.

	FY 2009	FY 2008	Amount
Property Taxes	\$ 636,884	\$ 532,499	\$ 104,385
Intergovernmental	767,796	676,852	90,944
Public Support	84,039	76,383	7,656
Interest Income	7,423	21,870	(14,447)
Program Service Fees	45,501	88,140	(42,639)
Miscellaneous	100	655	(555)
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 1,541,743	\$ 1,396,399	\$ 145,344
	<hr/>	<hr/>	<hr/>

The increase in property tax revenue is because property values have increased in Livingston Parish producing more property taxes. The intergovernmental revenue in 2009 increased by \$90,944 because the Council received (1) \$33,541 in FTA grants to acquire one new vehicle, (2) \$22,697 more revenue from its Section 5311 grant, (3) \$30,017 more from GOEA, and (4) \$4,689 in new ARRA grants versus FY 2008. Public support increased \$7,656 primarily because (1) public donations increased by \$4,789 and (2) public support for utility assistance increased by \$2,867. Falling interest rates on the money invested in LAMP caused the significant decrease in interest income. The decrease in program service fees in FY 2009 is mostly attributable to the Council receiving \$41,984 less fees in the Find Work/STEP program in 2009 than it did in 2008 because the program ended December 31, 2008.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

**Expenditures**

Total expenditures increased by \$259,059 this year, as shown in the table below.

	2009	2008	Increase/ (Decrease)	
			Amount	Percent
Personnel	\$ 617,421	\$ 526,035	\$ 91,386	17.37%
Fringe	193,912	160,226	33,686	21.02%
Travel	2,004	2,730	(726)	-26.59%
Operating Services	127,769	119,036	8,733	7.34%
Operating Supplies	93,155	95,084	(1,929)	-2.03%
Other Costs	64,017	52,027	11,990	23.05%
Meals	339,538	291,411	48,127	16.52%
Full Service	111,835	98,111	13,724	13.99%
Utility Assistance	40,164	39,684	480	1.21%
Capital Outlay	81,451	42,830	38,621	90.17%
Intergovernmental	116,002	101,035	14,967	14.81%
	<u>\$ 1,787,268</u>	<u>\$ 1,528,209</u>	<u>\$ 259,059</u>	<u>16.95%</u>

The increase in personnel expenditures in 2009 is a result of wage increases (average of 3.5%) given to employees, plus the Council hired a few more employees and expanded the number of hours other employees were working to meet the increasing service demands. The increase in fringe benefit expenditures in 2009 result primarily from (1) salary increases in 2009 that caused a proportional increase (\$6,835) in the payroll taxes and (2) an increase (\$28,404) in health insurance premiums for its employees. Operating service expenditures increased in 2009 primarily because of increased vehicle insurance costs (\$5,693) from adding four new vehicles, two owned by the Council and the other two owned by the Parish Council. Operating supplies decreased slightly in FY 2009. Other costs increased in 2009 primarily because of increases in accounting and audit costs (\$7,554) and senior birthday parties (\$5,349). Meal costs increased in 2009 because the Council provided 19,586 more home-delivered meals in 2009, and 7,266 more congregate meals than it did in 2008. Full service costs increased in FY 2009 primarily because of increases in in-home respite costs (\$9,431), chore costs (\$3,672), and legal costs (\$2,615) while home repair costs decreased by \$1,788. Utility assistance costs increased slightly because the Council had more demand for this service in 2009 than it did in 2008. Capital outlays increased in 2009 due to the Council purchasing two new vans and equipment needed for the Council's operations. Intergovernmental costs increased in 2009 primarily because of the increase in charges associated with collecting property taxes.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

**AN ANALYSIS OF THE GENERAL FUND BUDGET**

The Council did not amend its budget for FY 2009. Should an amendment be necessary, the primary reasons for taking this action would be to account for unanticipated, significant changes (particularly unfavorable) in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA.

A schedule of the original budget with comparative results to the actual revenues and expenditures for the General Fund can be found in the Supplementary Financial Information Required by GASB Statement 34 section of this report. When you review this schedule, you will note that the budget anticipated a \$232,964 net decrease in fund balance this year for the General Fund.

The actual decrease in the General Fund's fund balance was \$247,470, which was \$14,506 more than what management expected in its budget. The primary reasons behind this net unfavorable variance can be summed up as follows:

- Actual property tax revenues were \$113,245 less than budgeted.
- Interest income was \$12,577 less than expected.
- Program services fees were \$46,499 less than budgeted.
- Transfers to other programs were budgeted in the aggregate to be \$716,055 whereas actual needs required \$797,443 of transfers from the General Fund, resulting in an unfavorable variance of \$81,388.

However, the Council's overall General Fund expenditures were \$224,533 less than the amount budgeted. Meanwhile, management did not expect to receive \$13,427 more from GOEA grants. Overall, the actual results compared unfavorably with management's expectations. Despite the unfavorable result, the Council had ample fund balance in its General Fund to absorb the extra expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Council's investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$104,001, whereas the net capital asset amount for 2008 was \$53,741. This investment in capital assets includes vehicles, furniture & equipment, computer equipment, nutrition equipment, a storage building, leasehold improvements and health maintenance equipment (see table below).

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

**Capital Assets, Net of Depreciation**

	2009	2008	Increase/ (Decrease)
Vehicles	\$ 83,496	\$ 34,965	\$ 48,531
Furniture and equipment	5,853	5,756	97
Computer equipment	4,300	2,843	1,457
Nutrition equipment	3,691	2,679	1,012
Storage building	3,685	3,922	(237)
Leasehold improvements	2,976	3,576	(600)
	<u>\$ 104,001</u>	<u>\$ 53,741</u>	<u>\$ 50,260</u>

The net increase in Capital Assets from 2009 to 2008 was \$50,260. During FY 2009, the Council acquired two vans (\$74,980), computer equipment (\$3,006), nutrition equipment (\$1,472), and recreation equipment (\$1,993). Meanwhile, the depreciation on its capital assets was \$31,191.

At June 30, 2009 the Council had 21 vehicles in its transportation fleet, whereas in 2008 the Council had 18 vehicles. During FY 2009 four new vehicles were acquired, whereas one was sold. Two of the four new vehicles are titled to the Council, whereas the other two new vehicles are titled to the Livingston Parish Council.

The Livingston Parish Council owns 14 of the 21 vehicles, whereas the Council on Aging has title to 7 vehicles. Only the 7 vehicles titled to the name of the Council on Aging are included within the capital asset amounts on the Council on Aging's books. Out of the 7 vehicles, 3 were fully depreciated but operational.

The Council has committed to increase its vehicle fleet by 4 vans in FY 2010. Three of the four vans will be titled to the Livingston Parish Council, whereas the Council on Aging will get title to the fourth van. The Council on Aging will provide the matching funds under all of the vehicle acquisition contracts.

The Council did not have any long-term debt related to its capital assets and does not like to incur any debt as a matter of financial stewardship.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Council received most of its funding from federal and state agencies during fiscal year 2009. This source of income for the Council has been rather steady over the years for the Council. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. Management does not foresee any decline in the level of services it provided in 2009 versus what it will provide in 2010. Also, there have been no significant changes to the funding levels or terms of the Council's primary grants and contracts for next year.

The Council also receives the proceeds of a property tax, which has greatly improved the Council's financial position and cash flow. Management forecasts that the Council will receive about \$620,450 in net proceeds from the property tax in FY 2010.

Management has budgeted \$1,861,899 of revenues and expenditures for the Council's programs in FY 2010. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2010.

**CONTACTING THE COUNCIL'S MANAGEMENT**

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sharon Martin, Executive Director at the Council's main office located at 949 Government Drive, Denham Springs, LA 70726. The phone number for the Livingston Council on Aging is (225) 664-9343. Her email address is [sharon@livcoa.brcoxmail.com](mailto:sharon@livcoa.brcoxmail.com).

# NEIL G. FERRARI

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Livingston Council on Aging  
Denham Springs, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Livingston Council on Aging, Denham Springs, Louisiana, (the Council) as of and for the year ended June 30, 2009, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 2, 2009, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant

agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis on pages 1 through 14 and budgetary comparison information on pages 65 through 70 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. None of the aforementioned required supplementary financial information is required to be a part of the Council's basic financial statements. However, this required supplementary information has been subjected to the auditing procedures I applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baton Rouge, Louisiana,  
December 2, 2009.

A handwritten signature in black ink that reads "Neil Ferrari, CPA". The signature is written in a cursive, flowing style.

Neil G. Ferrari, CPA

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**EXHIBIT A****STATEMENT OF NET ASSETS****Livingston Council on Aging****Denham Springs, Louisiana****June 30 , 2009**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 310,812
Receivables:	
Property taxes	7,506
Livingston Parish Council	9,591
Dept. of Social Services (DSS)	3,427
Other agencies	497
Accrued interest receivable	549
Prepaid expenses	87,001
Van deposits	35,315
Total current assets	<u>454,698</u>
Capital assets, net of accumulated depreciation	104,001
Other Assets:	
Prepaid lease & vehicle usage	104,787
Total Assets	<u>663,486</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	53,697
Workman's compensation insurance payable	2,282
Payroll withholdings	406
Deposit escrow	100
Total current liabilities	<u>56,485</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	104,001
Restricted for:	
Utility Assistance	8,534
Senior Citizen Birthday Parties	1,799
Unrestricted	492,667
Total Net Assets	<u><u>\$ 607,001</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

## EXHIBIT B

## STATEMENT OF ACTIVITIES

Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2009

Net (Expense)  
Revenue and  
Increase  
(Decrease) in Net  
Assets

Functions/Programs	Program Revenues					Total Governmental Activities
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>						
<b>Health, Welfare &amp; Social Services:</b>						
Supportive Services:						
Transportation of the elderly	\$ 417,668	\$ 199,459	\$ 0	\$ 284,286	\$ 33,541	\$ (299,300)
Chore	18,712	561	0	1,953	0	(17,320)
Homemaker	13,689	7,015	0	1,429	0	(19,275)
Legal	8,588	0	0	3,621	0	(4,967)
Information and Assistance	26,865	13,768	0	2,804	0	(37,829)
Outreach	4,539	2,326	0	474	0	(6,391)
Recreation	75,679	38,578	0	13,347	0	(100,910)
Material Aid	8,671	4,442	0	905	0	(12,208)
Home Repairs	6,092	132	0	636	0	(5,588)
Wellness	9,178	4,704	0	958	0	(12,924)
Utility Assistance	42,994	1,451	0	26,970	0	(17,475)
Transportation Services - non elderly						
Find Work/STEP	2,022	1,037	41,328	0	0	38,269
General Public	10,886	5,200	4,173	0	0	(11,913)
Nutrition Services:						
Congregate Meals	221,179	53,576	0	179,504	0	(95,251)
Home Delivered Meals	279,011	24,168	0	111,095	0	(192,084)
Disease Prevention and Health Promotion	4,496	2,305	0	4,501	0	(2,300)
Family Caregiver Support	79,515	772	0	33,749	0	(46,538)
Other Activities	10,087	0	0	3,427	0	(6,660)
<b>Administration</b>	390,487	(359,494)	0	30,993	0	0
<b>Total governmental activities</b>	<b>\$ 1,630,358</b>	<b>\$ 0</b>	<b>\$ 45,501</b>	<b>\$ 700,652</b>	<b>\$ 33,541</b>	<b>\$ (850,664)</b>
General Revenues:						
Grants and contributions not restricted to specific programs					117,642	
Property taxes, net of \$99,351 retained by the Sheriff					537,533	
Interest Income					7,423	
Miscellaneous					100	
Total general revenues						662,698
Increase (Decrease) in net assets						(187,966)
Net assets - beginning of the year						794,967
Net assets - end of the year						<u>\$ 607,001</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

## EXHIBIT C

**FUND BALANCE SHEET  
GOVERNMENTAL FUNDS**

Livingston Council on Aging  
Denham Springs, Louisiana  
June 30, 2009

	General	Title III C		Title III C		Section	Non-	Total
	Fund	Title III B	1	2	Title III E	5311	Major	Governmental
							Funds	Funds
<b>ASSETS</b>								
Cash and Investments	\$ 249,041	\$ 8,863	\$ 6,811	\$ 19,361	\$ 13,400	\$ 0	\$ 13,336	\$ 310,812
Receivables:								
Property Taxes	7,506	0	0	0	0	0	0	7,506
Livingston Parish Council	0	0	0	0	0	9,591	0	9,591
Dept. of Social Services (DSS)	3,427	0	0	0	0	0	0	3,427
Other agencies	54	0	443	0	0	0	0	497
Accrued interest receivable	549	0	0	0	0	0	0	549
Prepaid expenditures	159,906	0	0	0	0	0	0	159,906
Van deposits	35,315	0	0	0	0	0	0	35,315
Due from other governmental funds	9,591	0	0	0	0	0	0	9,591
<b>Total Assets</b>	<b>\$ 465,389</b>	<b>\$ 8,863</b>	<b>\$ 7,254</b>	<b>\$ 19,361</b>	<b>\$ 13,400</b>	<b>\$ 9,591</b>	<b>\$ 13,336</b>	<b>\$ 537,194</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	117	8,863	7,254	19,361	13,400	0	4,702	53,697
Payroll withholdings	406	0	0	0	0	0	0	406
Workman's compensation payable	2,282	0	0	0	0	0	0	2,282
Deposit escrow	0	0	0	0	0	0	100	100
Due to other governmental funds	0	0	0	0	0	9,591	0	9,591
<b>Total Liabilities</b>	<b>2,805</b>	<b>8,863</b>	<b>7,254</b>	<b>19,361</b>	<b>13,400</b>	<b>9,591</b>	<b>4,802</b>	<b>66,076</b>
<b>Fund Balances</b>								
<b>Reserved, reported in:</b>								
<b>General Fund:</b>								
Prepaid expenditures	159,906	0	0	0	0	0	0	159,906
Encumbrance - van purchase commitments	35,315	0	0	0	0	0	0	35,315
Senior citizen birthday parties	1,799	0	0	0	0	0	0	1,799
<b>Unreserved/ Undesignated, reported in:</b>								
General Fund	265,564	0	0	0	0	0	0	265,564
Special Revenue Funds	0	0	0	0	0	0	8,534	8,534
<b>Total Fund Balances</b>	<b>462,584</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,534</b>	<b>471,118</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 465,389</b>	<b>\$ 8,863</b>	<b>\$ 7,254</b>	<b>\$ 19,361</b>	<b>\$ 13,400</b>	<b>\$ 9,591</b>	<b>\$ 13,336</b>	
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>								
- Prepaid expenses relating to vehicle usage are not financial resources and therefore are not reported as assets in the governmental funds								31,882
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds								104,001
<b>Net Assets of Governmental Activities</b>								<b>\$ 607,001</b>

The accompanying notes to the basic financial statements are an integral part of this statement.



## EXHIBIT D

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2009

	General Fund	Title III B	Title III C-1	Title III C-2	Title III E	Section 5311	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>								
Intergovernmental:								
Governor's Office of Elderly Affairs	\$ 47,500	\$ 83,247	\$ 115,048	\$ 69,840	\$ 33,749	\$ 0	\$ 168,683	\$ 518,067
Livingston Parish Council	0	0	0	0	0	212,761	0	212,761
La. Dept of Transportation & Development	0	0	0	0	0	0	33,541	33,541
Dept of Social Services (DSS)	3,427	0	0	0	0	0	0	3,427
Property Taxes	636,884	0	0	0	0	0	0	636,884
Public Support (Restricted):								
Client contributions	0	4,909	30,021	8,966	0	0	0	43,896
Various utility companies	0	0	0	0	0	0	26,675	26,675
Other donors	0	9,790	1,793	742	0	0	0	12,325
Public Support - Unrestricted	1,143	0	0	0	0	0	0	1,143
Program Service Fees (charges for services):								
Transportation:								
Office of Family Support	41,328	0	0	0	0	0	0	41,328
Public Fares	4,173	0	0	0	0	0	0	4,173
Interest Income	7,423	0	0	0	0	0	0	7,423
Miscellaneous	100	0	0	0	0	0	0	100
Total revenues	741,978	97,946	146,862	79,548	33,749	212,761	228,899	1,541,743
<b>EXPENDITURES</b>								
Health, Welfare, & Social Services:								
Current:								
Personnel	11,542	443,966	99,257	40,542	1,693	0	20,421	617,421
Fringe	4,005	141,287	28,902	12,642	446	0	6,630	193,912
Travel	33	1,971	0	0	0	0	0	2,004
Operating Services	3,769	97,032	15,225	8,871	39	0	2,833	127,769
Operating Supplies	1,926	75,407	7,452	6,472	19	0	1,879	93,155
Other Costs	6,818	26,717	3,810	1,231	32	0	25,409	64,017
Full Service	0	32,261	1,265	300	78,009	0	0	111,835
Meals	0	0	104,824	230,025	0	0	4,689	339,538
Utility Assistance	0	0	0	0	0	0	40,164	40,164
Capital Outlay	47,910	0	0	0	0	0	33,541	81,451
Intergovernmental	116,002	0	0	0	0	0	0	116,002
Total expenditures	192,005	818,641	260,735	300,083	80,238	0	135,566	1,787,268
Excess of revenues over (under) expenditures	549,973	(720,695)	(113,873)	(220,535)	(46,489)	212,761	93,333	(245,525)
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating transfers in	0	720,695	113,873	220,535	46,489	0	37,112	1,138,704
Operating transfers out	(797,443)	0	0	0	0	(212,761)	(128,500)	(1,138,704)
Net increase (decrease) in fund balances	(247,470)	0	0	0	0	0	1,945	(245,525)
<b>FUND BALANCE (DEFICIT)</b>								
Beginning of year	710,054	0	0	0	0	0	6,589	716,643
End of year	\$ 462,584	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,534	\$ 471,118

The accompanying notes to the basic financial statements are an integral part of this statement.

**EXHIBIT E****Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities****Livingston Council on Aging  
Denham Springs, Louisiana****For the year ended June 30, 2009**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds      \$      (245,525)

Governmental funds report the amounts the Council expends as local "matching" funds on capital assistance grants, which result in another government obtaining title to the capital assets acquired under the grants, as intergovernmental expenditures. However, because the Council gets to use the capital assets in lieu of having paid the required local match, the Council records the amounts it paid in the Statement of Net Assets as a prepaid expense, which will be amortized over the estimated useful lives of the capital assets. This reconciling amount represents the amount by which intergovernmental expenditures which were for "matching" payments (\$16,651) exceeded amortization expense (\$9,352) this fiscal year.

7,299

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling amount is the amount by which capital outlay (\$81,451) exceeds depreciation (\$31,191) in the current period.

50,260

Increase (Decrease) of Net Assets of Governmental Activities

\$      (187,966)

The accompanying notes to the basic financial statements are an integral part of this statement.

## NOTES TO THE FINANCIAL STATEMENTS

Livingston Council on Aging  
Denham Springs, Louisiana  
June 30, 2009

### **Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Livingston Council on Aging (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

#### **a. Purpose of the Council on Aging:**

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Livingston Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -  
(Continued)**

**a. Purpose of the Council on Aging: - (continued)**

Specific services provided by the Council to the elderly residents of Livingston Parish include providing congregate and home delivered meals, nutritional education, information and assistance, outreach, material aid, chore, home repairs, medication management, in-home respite, utility assistance, homemaker, recreation, legal assistance, wellness, and transportation. The Council also provides various types of transportation services to the general public of Livingston Parish, with special emphasis being placed upon transporting the elderly.

**b. Reporting Entity**

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

The Livingston Council on Aging (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on June 26, 1973, and subsequently incorporated on October 22, 1973, under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -  
(Continued)**

**b. Reporting Entity: - (continued)**

A board of directors, consisting of 18 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

- 3 members are selected from the general public to represent all sections of the parish and are drawn from, but not limited to, civic organizations, governmental agencies, businesses, and religious groups.
- 15 representatives, who must reside in the districts that they represent, are selected from the various Livingston Parish Council districts, to represent the elderly population in their respective districts.

Although the Council on Aging (COA) works with the Livingston Parish Council (LPC) in carrying out some social programs throughout Livingston Parish, the LPC does not appoint a voting majority of the COA's board and the LPC does not intend to impose its will to affect the operations of the COA. Further, the LPC only provided about 13.8% of the COA's total revenues plus various in-kind contributions (see Note 8). The LPC does not assume any specific financial burdens of the COA. As a result, the Council on Aging is not a component unit of the Livingston Parish Council.

Membership in the Council is open at all times, without restriction, to all residents of Livingston Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a stand-alone, special-purpose government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -**  
**(Continued)**

**c. Basis of Presentation of the Basic Financial Statements**

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

**Government-Wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Governmental activities are supported primarily by intergovernmental revenues and property taxes.

In the government-wide Statement of Net Assets only one column of numbers has been presented for total governmental activities. The numbers are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -  
(Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (continued)**

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. General government revenues, such as intergovernmental revenues, property taxes, and unrestricted public support, support many functions and programs, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses." GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA administrative funds are allocated to the Council's other functions and programs.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services that are provided by a specific function or program to people or other entities. Contributions, grants, interest income, and miscellaneous revenues that are not included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -  
(Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (continued)**

**Fund Financial Statements:**

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. For this year's fund financial statements, management did not choose to include any other funds as major funds. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.



**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (continued)**

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The following is a description of the governmental funds of the Council:

**The General Fund** is the general operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund.

The following are brief descriptions of the programs that comprise the Council's General Fund:

**Local**

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are generally unrestricted, which means they may be used at the Council's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditure, are recorded in the local program. Because most local funds are unrestricted, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)**

**c. Basis of Presentation of the Basic Financial Statements – (continued)**

**PCOA**

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion in any program provided the program is benefiting people who are at least 60 years old. In fiscal year 2009, the Council transferred all of its PCOA funds to the Title III B Fund to provide additional funds to pay for its program expenditures.

**Transportation**

The Council provides various transportation services to the residents of Livingston Parish who are not 60 years old for a fee. These program service fees and their related costs are accounted for within the "Transportation" program of the General Fund. In contrast, transportation services provided to residents who are at least 60 years old are accounted for in the Elderly Transportation program of the Title III B Fund.

During the fiscal year, the primary services provided under this program consisted of the following:

- The Council participated in a contract with the Louisiana Department of Social Services' (DSS) Office of Family Support (OFS) through December 31, 2008. This program provided transportation services to people who were participants in the STEP program. The STEP program's purpose is to transport young men and women to the Office of Family Support and to adult education classes or job training. Also, if the participants have children, then transportation is provided to take the children to day care.
- The Council will also transport people under age 60 who pay cash fare for the service. The fare ranges from \$5.00 to \$8.00 per one-way trip and is based on whether the trip is in the parish or out of the parish. These revenues and the related expenditures are accounted for in this program, which is referred to as "General Public Transportation".

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (continued)**

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

**Major Governmental Funds:**

**Title III B Fund**

The Title III B Fund accounts for funds used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
Information and Assistance	834
Outreach	508
Homemaker	1,601
Recreation	40,236
Transportation for people age 60 or older	34,914
Assisted Transportation	7,474
Legal	140
Home Repair	45
Material Aid	67,886
Utility Assistance	352
Wellness	25,555
Chore	248

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -**  
**(Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (continued)**

**Title III C-1 Fund**

The Title III C-1 Fund accounts for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Livingston Parish. The Council maintains meal sites in Denham Springs, Maurepas, Walker South, Livingston, Port Vincent, and Springfield. During the year, the Council served 46,619 meals to people eligible to participate in this program. In addition to the meals served, the Council also provided 294 units of nutritional education to eligible participants under this program.

**Title III C-2 Fund**

Title III C-2 Fund accounts for funds that are used to provide nutritional meals to homebound people who are age 60 or older. Using Title III C-2 funds, the Council served 101,542 meals during the year to people eligible to participate in this program. The Council also provided 2 units of nutrition education under this program.

**Section 5311 Fund**

The Section 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation Operating Assistance Program for Nonurbanized Areas. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the Livingston Parish Council (LPC). Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within Livingston Parish. As part of calculating the operating costs of this program, the Council may apportion some of the in-kind contributions it receives as allowable transportation expenses. This provision results in the Council receiving cash reimbursement for costs that did not require the Council to spend cash. Section 5311 funds were used as operating transfers to help pay for costs incurred in providing transportation services under the Council's elderly transportation program.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -**  
**(Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (continued)**

**Title III E Fund**

The Title III E Fund accounts for funds relating to the National Family Caregiver Support program, which targets older, low-income individuals. During the year, the Council provided 32 units of information and assistance, 4,589 units of in-home respite, 18 units of material aid, and 41 units of public education under this program

**Nonmajor Governmental Funds:**

**Area Agency Administration Fund**

The Area Agency Administration (AAA) Fund is used to account for a portion of the indirect costs of administrating the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the aging. The amount of funding is not enough to pay for all of the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bears to direct costs for all programs. Indirect costs are not allocated to all funds because program restrictions may prohibit or limit the payment of administrative type costs.

**Title III D Fund**

The Title III D Fund accounts for funds used for disease prevention and health promotion activities, which includes medication management services. During the year, 2,217 units of medication management services were provided to eligible participants in this program.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -  
(Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (continued)**

**NSIP Fund**

The NSIP Fund is used to account for the administration of Nutrition Services Incentive Program funds provided by the Administration on Aging, U.S. Department of Health and Human Services, to GOEA, which in turn "passes through" the funds to the Council. GOEA distributes NSIP funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. The primary purpose of the NSIP reimbursement is to provide money to buy food that will be used in the preparation of congregate and home-delivered meals under nutrition service programs. The food purchased for these purposes must be of United States origin or be commodities from the United States Department of Agriculture.

**Senior Center Fund**

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center where elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior center for Livingston Parish is located in Denham Springs. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, during the year, management transferred all of the Senior Center Funds (\$66,010) to the Title III B Fund to subsidize that fund's cost of providing supportive services to elderly persons who use the senior center.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -**  
**(Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (continued)**

**Supplemental Senior Center Fund**

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary grant for senior centers. The Council was one of the parish councils to receive a supplemental grant of \$2,990. The money received by this fund during the year was transferred to the Title III B Fund to supplement the supportive services provided by this fund. The Governor's Office of Elderly Affairs provided these funds to the Council.

**Audit Fund**

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. The cost of last year's audit was \$22,054 whereas the supplement was \$2,529.

**Utility Assistance Fund**

This fund is used to account for the administration of utility assistance programs sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds. The Council's general policy is to provide utility assistance up to \$200 three times per eligible person per year. Emergencies or unusual circumstances may permit additional assistance. During the year, the Council was able to provide 352 units of service to 304 different people with these funds.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -  
(Continued)**

**c. Basis of Presentation of the Basic Financial Statements - (continued)**

**ARRA Stimulus C-1 Fund**

In February 2009, the American Recovery and Reinvestment Act of 2009 was signed into law. As part of the new law, the federal government appropriated funds for congregate nutrition services for older Americans in order to help them maintain their health, independence and quality of life during the economic downturn. As a result, the Council established an ARRA Stimulus C-1 Fund to account for this special money. For FY 2009, the Council used its ARRA Stimulus C-1 funds to provide 957 additional congregate meals.

**ARRA Stimulus C-2 Fund**

The American Recovery and Reinvestment Act of 2009 also included funding that would provide meals to homebound people who are at least 60 years old and who are currently on a waiting list or have been assessed as having either a social or medical need. Accordingly, the Council established an ARRA Stimulus C-2 Fund to account for this special money. For FY 2009, the Council used its ARRA Stimulus C-2 funds to provide 476 additional meals to home-bound persons.

**d. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**• Government-wide Financial Statements – Accrual Basis**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.



**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -**  
**(Continued)**

**d. Measurement Focus and Basis of Accounting - (continued)**

**• Fund Financial Statements - Modified Accrual Basis**

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be "available" if they are collected within sixty days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

**e. Interfund Activity**

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -  
(Continued)**

**f. Cash**

Cash includes not only currency on hand, but also demand deposits with banks or other financial institutions.

For purposes of the Statement of Net Assets restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose.

**g. Receivables**

The financial statements contain an allowance for uncollectible ad valorem tax because management estimates that all of the tax owed the Council will not be collected. This year's allowance amount has already been applied to reduce the ad valorem tax receivable amount presented on the Balance Sheet and the Statement of Net Assets.

Management estimates that other receivables presented will be collected in full. However, if management becomes aware of information that would change its assessment about the collectability of these other receivables, management would write off the receivables as bad debts at that time.

**h. Investments**

GASB Statement 31 requires the Council to report its investments at fair value in the balance sheet, except for investments in non-participating interest-earning contracts, such as, non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors. The Council had an investment like this at year-end; such investment being a certificate of deposit with Capital One Bank.

Investments, which include securities traded on a national or international exchange, are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value. The Council did not own any investments such as these this year.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -**  
**(Continued)**

**h. Investments - (continued)**

However, the Council invested funds in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. For financial statement purposes, LAMP investments are valued and reported at fair value. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

**i. Prepaid Expenses/Expenditures**

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

In the fund financial statements, the Council has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure the Council's management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -  
(Continued)**

**i. Prepaid Expenses/Expenditures (continued)**

For purposes of presenting prepaid expenses in the Statement of Activities, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Disbursements made as "matching" payments to acquire vehicles that will be titled to another government are capitalized and amortized in the government-wide statements as prepaid expenses to better present the economies of this type of transaction and to keep from distorting the Council's transportation activities in the Statement of Activities. In contrast, 100% of the "matching" payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received.

**j. Capital Assets**

The accounting and reporting treatment used for capital assets depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

**Government-Wide Financial Statements**

Capital assets are long-lived assets purchased or acquired with an original cost of at least \$1,000 and have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide Statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -**  
**(Continued)**

**j. Capital Assets - (continued)**

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Office & Other Equipment - other than computers	6 to 10 years
Furniture	10 years
Vehicles	5 years
Computer equipment	5 years
Leasehold improvements & storage building	20 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

**Fund Financial Statements**

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation and amortization are not computed or recorded on capital assets for purposes of the fund financial statements.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -**  
**(Continued)**

**k. Non-Current (Long-term) Liabilities**

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities in the government-wide statements. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented anywhere else in these statements. The Council did not have any non-current liabilities at year-end.

**l. Unpaid Compensated Absences**

The Council's annual and sick leave policy requires employees to consume any annual or sick leave they might earn within the Council's fiscal year. In other words, an employee must "use or lose" any earned leave on or before June 30<sup>th</sup> of every year. As a result, the Council has not accrued a liability for any unused leave in the financial statements.

The Council's management has this policy to minimize the Council's exposure to a liability for which the Council may not have the funds to pay.

**m. Advances From Funding Agency**

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. The Council did not have advances from any funding agency at year-end.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -**  
**(Continued)**

**n. Deferred Revenue**

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the fund financial statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenue at year end.

**o. Deferred Property Tax Revenue**

Deferred property tax revenue represents taxes expected to be collected but not within 60 days after the end of the Council's fiscal year for which the taxes were levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Assets, because the related revenues are recognized in the Statement of Activities using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized. The Council did not have any deferred property tax revenue at year end.

**p. Net Assets in the Government-wide Financial Statements**

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

- Invested in capital assets – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not have any borrowings that were related to capital assets.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies**  
**- (Continued)**

**p. Net Assets in the Government-wide Financial Statements - (continued)**

- Restricted net assets - This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Council's policy is to use restricted resources first to finance its activities, except for nutrition services. When providing nutrition services, revenues earned by the Council under its NSIP contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the NSIP revenues when paying for nutrition program costs. Quite often, unrestricted resources are available for use that must be consumed or they will have to be returned to the grantor agency. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, in this case, the Council will depart from its usual policy of using restricted resources first.



**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -  
(Continued)**

**q. Fund Equity – Fund Financial Statements**

Governmental fund equity is classified as fund balance. Fund Balance may be further classified as reserved and unreserved, with unreserved further split into designated and undesignated. Reserved means that the Council has "reserved" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated fund balances result when the Council's management intends to expend certain resources in a designated manner. Normally, designations of fund balances can be changed at the discretion of the Council's Board of Directors. There were no designated fund balances at year-end.

**r. Management's Use of Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**s. Allocation of Indirect Expenses**

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct costs of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant or contract restrictions.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)**

**t. Elimination and Reclassifications**

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Note 2 - Revenue Recognition**

Revenues are recorded in the government-wide financial statements when they are earned using the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees (charges for services), and interest income must be both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are generally recorded as revenue in the period received.

**Note 3 - Revenue Recognition - Property Tax**

During fiscal year 2005, the Council began receiving funds from a property tax that was adopted by the voters of Livingston Parish on November 15, 2003 to specifically provide money to finance the Council's operations. The Livingston Parish Assessor began assessing this property tax 2004 and will continue to do so for ten years. The tax will be based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1<sup>st</sup> day of January will be used as the date to value the property subject to tax and make the annual assessment.

**Note 3 - Revenue Recognition - Property Tax - (Continued)**

The gross assessed value as of January 1, 2008, of the certified roll was \$570,076,720. After applying homestead exemptions and other reductions of \$206,869,420 the net assessed value upon which the Council's property tax was computed was \$363,207,300. Two mills is the maximum amount the Council may legally elect to assess property owners each year. However, the Council's management elected to have the Parish assess only 1.83 mills for tax year 2008. Accordingly, management's initial estimate of the gross amount of property tax revenue, excluding back tax settlements, other reductions and supplements, and uncollectible amounts, for this fiscal year was \$664,669.

Based on information furnished by the Livingston Parish Sheriff's office at the time these financial statements were prepared, management revised its property tax revenue estimate to \$635,552, which is about 95.6% of its initial revenue estimate. The revised estimate includes management's estimate for uncollectible taxes, which was \$29,118.

Property taxes become due on November 15<sup>th</sup> and are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The Livingston Parish Sheriff acts as the collection agent for the Parish's property taxes and, for performing this service, charges the Council a 12% collection commission based on taxes actually collected. The total amount of commissions charged this year was \$74,293. The Sheriff also will have a "tax sale" each year to try and collect as much of the taxes dues as possible. The tax sale date for Livingston Parish for the 2008 tax assessment was June 17, 2009, and the tax liens were recorded on July 7, 2009.

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed (November of each year). As the Sheriff collects the taxes, he forwards them to the Council on Aging where they are recorded as revenues in accordance with the modified accrual basis of accounting.

The Council also accrues as current year revenues any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. Accordingly, property tax collections of \$7,506, net of \$1,024 for sheriff commissions, during July and August 2009 were accrued as this year's revenues. The Council did not present any amounts this year as deferred property tax revenue because management estimates little, if any, property taxes will be collected after August 31, 2009 for the 2008 property tax assessment. Current year collections of prior year property taxes were \$1,332.

**Note 3 - Revenue Recognition - Property Tax - (Continued)**

Property tax revenues of \$636,884 on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) have not been reduced by (1) \$74,293 for collection commissions charged by the Livingston Parish Sheriff and (2) \$25,058 for "on-behalf payments for fringe benefits," which represent the Council's pro rata share of retirement plan contributions for other governmental agencies. Instead, these amounts (\$99,351) have been included within the total of \$116,002 of intergovernmental expenditures on Exhibit D. In contrast, for purposes of the government-wide Statement of Activities (Exhibit B), property tax revenues of \$636,884 were reduced by the \$99,351 withheld by the Sheriff producing net property tax revenue of \$537,533, which was a component of general revenues on that statement. Also see Notes 12 and 22 to these financial statements.

**Note 4 - Cash Management, Deposits, and Investments**

**Cash Management and Deposits**

The Council maintains a consolidated bank account at Hancock Bank to deposit most of the funds it receives and to pay its bills. The consolidated bank account is available for use by all funds. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

The Council also maintains a petty cash account of \$500 to pay for small, unexpected expenses that might arise during daily operations.

During the year the Council might accumulate cash in excess of its immediate needs. To maximize its revenues, the Council's management will invest the excess cash. Although it is not required by law to comply with the State of Louisiana's investment laws, the Council's management has adopted an investment policy that is intended to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds. Accordingly, the Council's management invested \$28,907 in a certificate of deposit (CD) and \$199,134 in the Louisiana Asset Management Pool (LAMP). Both types of investments comply with state law and the Council's investment policy.

**Note 4 - Cash Management, Deposits, and Investments - (Continued)**

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

At year-end, the carrying amount of the Council's cash balance on the books for the account at Hancock Bank was \$82,271, whereas the related bank balance totaled \$164,813. The difference in the book and bank balances for these cash accounts relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end. At year-end, the entire amount of the bank balances were covered 100% by federal depository insurance thereby making them a Category 1 type of credit risk.

The certificate of deposit (CD) at Capital One Bank represents a nonparticipating interest-earning contract as described in GASB Statement 31; accordingly, it has been reported at cost in these financial statements. At June 30, 2009 the entire balance of the CD was covered 100% by FDIC insurance thereby making it a Category 1 type credit risk.

LAMP is an external investment pool established as a cooperative endeavor to enable public entities in the State of Louisiana an opportunity to combine their funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under Louisiana law. Although LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes investments only in federal agencies backed by the U.S. government, government-only money market funds rated AAA by Standard & Poor's, and commercial paper of domestic United States corporations rated A-1 or A-1+ by Standard & Poor's. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and LAMP consists of no securities with a maturity of more than 397 days. However, LAMP voluntarily complies with Standard & Poor's requirement for AAAM rated funds to restrict the average weighted average maturity of investments to 60 days

**Note 4 - Cash Management, Deposits, and Investments - (Continued)**

or less in order to maintain its AAAm rating for the LAMP pool. By doing this, LAMP maintains the safety of its invested principal and limits its exposure to loss in the market. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments comprising LAMP's portfolio are stated at their fair values based on quoted market rates. The fair values are determined on a weekly basis by LAMP and the fair value of the position of the pool is the same as the value of the pool shares. LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there are no assurances that LAMP will be able to always achieve this objective. Because of its liquidity, the balance in the LAMP account is classified as a current asset on the Statement of Net Assets. The LAMP investment does not have a credit risk categorization similar to the Council's demand deposits and CD because the LAMP investment is not evidenced by securities that exist in physical or book entry form. However, LAMP issues an annual audited financial statement, in which the pool's custodial credit risks and investment policies are disclosed.

**Cash and Investments**

<u>Cash &amp; Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
<u>Cash</u>					
Hancock Bank - consolidated	\$ 82,271	\$ 82,271	None	Demand	Category 1
Petty Cash	500	500	None	N/A	None
Total Cash	<u>82,771</u>	<u>82,771</u>			
<u>Investments</u>					
Certificate of Deposit:					
Capital One Bank	28,907	28,907	0.33%	9/23/2009	Category 1
LAMP	<u>199,134</u>	<u>199,134</u>	0.56%	Demand	Not Applicable
Total Investments	<u>228,041</u>	<u>228,041</u>			
Total Cash & Investments	<u>\$ 310,812</u>	<u>\$ 310,812</u>			
Unrestricted Purpose	\$ 300,479				
Restricted Purpose:					
Senior Citizen Birthday Parties	1,799				
Utility Assistance	<u>8,534</u>				
Total Cash & Investments	<u>\$ 310,812</u>				

**Note 4 - Cash Management, Deposits, and Investments - (Continued)**

As illustrated in the above table, some of the Council's cash and investments are restricted assets for presentation in the Statement of Net Assets. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose. The Council has presented these restricted assets as a component of current assets in the Statement of Net Assets because they are available for use in current operations.

Interest income of \$7,423 for fiscal year 2009 was derived from the following sources:

• Capital One Bank	\$ 415
• LAMP	3,459
• Interest paid by Livingston Parish on property taxes	3,549

Interest income of \$7,423 was allocated 100% to the General Fund.

**Note 5 - Prepaid Expenditures and Expenses**

At year-end, prepaid expenditures in the Fund Balance Sheet consisted of the following:

• Rent of the Denham Springs senior center	\$ 84,717 (See Note 17)
• Prepaid Insurance	73,937
• Prepaid Gas Card	502
• Prepaid Employee Banquet for 12/10/09	<u>750</u>
Total prepaid expenditures	<u>\$159,206</u>

**Note 5 - Prepaid Expenditures and Expenses - (Continued)**

At year-end, prepaid expenses in the Statement of Net Assets consisted of the following:

	Current Portion	Noncurrent Portion
Prepaid employee banquet	\$ 750	\$ 0
Prepaid insurance	73,937	0
Rent of the Denham Springs senior center	2,600	82,117
Prepaid gas card	502	0
Vehicle usage	<u>9,212</u>	<u>22,670</u>
 Total prepaid expenses	 <u>\$ 87,001</u>	 <u>\$ 104,787</u>

The current portion of prepaid expenses represents the amounts that management expects the Council to consume and economically benefit from in the next fiscal year. The noncurrent portions represent the amounts that will be amortized in future years based on leases or agreements that the Council has in effect with the City of Denham Springs for the use of the Denham Springs senior center and the Livingston Parish Council for the use of vehicles owned by it.

The difference between prepaid expenditures and prepaid expenses arises from transactions wherein the Council on Aging (COA) puts up all the "matching funds" under capital assistance grants the Livingston Parish Council (LPC) enters into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles that the COA will use to provide public transportation in Livingston Parish. The vehicles are titled in the name of the LPC but the COA uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the COA expends for the grant match are first recorded as a deposit in its Fund Balance Sheet and Statement of Net Assets when the funds are remitted to DOTD. Upon delivery of the vehicle to the COA, the deposit is reversed as an intergovernmental expenditure in the COA's fund financial statements.

However, in the government-wide statements, the grant match is classified as a prepaid expense and amortized over the estimated useful life of the vehicle (60 months). The COA's management believes presenting the van match transactions in this manner in the government-wide financial statements will best present the economics of this type of transaction. No written lease exists between the LPC and the COA that sets forth the terms of the agreement to use the LPC's vehicles. However, the LPC and the COA have used this type of cooperative agreement to provide public transportation to the residents of Livingston Parish for many years.



**Exhibit F**  
**(Continued)**

**Note 6 - Changes in Capital Assets and Accumulated Depreciation**

A summary of changes in capital assets and related accumulated depreciation is as follows:

Capital Assets Being Depreciated	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Vehicles	\$ 108,142	\$ 74,980	\$ 0	\$ 183,122
Furniture & equipment	33,141	1,993	0	35,134
Computer equipment	4,736	3,006	0	7,742
Nutrition equipment	3,125	1,472	0	4,597
Storage building	4,739	0	0	4,739
Leasehold improvements	12,008	0	0	12,008
Health maintenance equipment	1,995	0	0	1,995
Total capital assets	<u>167,886</u>	<u>81,451</u>	<u>0</u>	<u>249,337</u>
Less Accumulated Depreciation:				
Vehicles	73,177	26,449	0	99,626
Furniture & equipment	27,385	1,896	0	29,281
Computer equipment	1,893	1,549	0	3,442
Nutrition equipment	446	460	0	906
Storage building	817	237	0	1,054
Leasehold improvements	8,432	600	0	9,032
Health maintenance equipment	1,995	0	0	1,995
Total Accumulated Depreciation	<u>114,145</u>	<u>31,191</u>	<u>0</u>	<u>145,336</u>
Capital Assets, Net of Depreciation	<u>\$ 53,741</u>	<u>\$ 50,260</u>	<u>\$ 0</u>	<u>\$ 104,001</u>

Furniture and equipment includes one donated asset with a cost of \$1,200.

The Council's management has reviewed the capital assets and does not believe any of them to have been impaired as of year-end.

**Note 6 - Changes in Capital Assets and Accumulated Depreciation - (Continued)**

Depreciation was charged to governmental activities as follows:

Administration	\$ 3,509
Supportive Services:	
Transportation of the elderly	19,288
Recreation	399
Nutrition Services:	
Congregate meals	7,445
Transportation Services:	
General Public	<u>550</u>
Total depreciation expense for governmental activities	<u>\$ 31,191</u>

The \$3,509 of depreciation associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The other depreciation amounts (\$27,682) are charged as direct expenses to their related functions on the Statement of Activities.

**Note 7 - Fund Balances - Fund Financial Statements**

At year-end, one special revenue fund had a fund balance. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there is an exception to this policy.

The Council has \$8,534 of utility assistance contributions that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B Fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

**Note 7 - Fund Balances – Fund Financial Statements – (Continued)**

At year-end, the General Fund has \$197,020 of reserved funds that consist of the following:

- \$159,906 - prepaid expenditures
- \$ 35,315 - van purchase commitments
- \$ 1,799 - Senior Citizen Birthday Party Funds

**Note 8 - In-Kind Contributions**

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

The Council received in-kind contributions relating to the use of facilities in Maurepas, Springfield, Walker, Denham Springs, Port Vincent, and Livingston. The donors have valued their donations and furnished the information to the Council's management. A summary of the in-kind contributions and their estimated values are as follows:

Facility rentals	\$ 107,671
Utilities for facilities	42,839
Telephone	4,200
Garbage pickup	1,800
Insurance	14,289
Maintenance and repairs	30,936
Total	<u>\$ 201,735</u>

If these in-kind contributions had been recorded in the Statement of Activities their allocation would have been \$25,251 for Administration and \$176,484 for Nutrition Services – Congregate Meals.

**Note 8 - In-Kind Contributions - (Continued)**

The Council on Aging (COA) also receives in-kind support for its transportation programs. The COA has a fleet of nineteen vehicles that it uses to provide public transportation in Livingston Parish. Of the nineteen vehicles, the Livingston Parish Council (LPC) owns fourteen and the COA owns five. The fourteen vehicles owned by the LPC were all acquired under capital assistance grants for the elderly and disabled persons wherein the federal government paid for 80% of the vehicle's cost and the remainder had to be paid for with local "matching" funds. The COA put up all the money for the local match so that the LPC could acquire the vehicles. In return, the LPC permits the COA to use the vehicles as long as they are operational. Therefore, the COA is receiving an in-kind contribution from the LPC for the use of the fourteen vehicles owned by the LPC. Management has estimated the in-kind use of the LPC's vehicles to be \$37,414 for the fiscal year. The estimate was derived by first determining the amount the federal government paid for its share of the "match" for each of the fourteen vehicles. Then, the amount of federal match for each vehicle was amortized from the date at which the COA began using each vehicle using a 60-month estimated useful life. The amount for the period July 1, 2008 through June 30, 2009 was deemed to be the value of the LPC's in-kind contribution for vehicle usage. If the in-kind contribution for the vehicles had been recorded in the Statement of Activities, the allocation amongst the Council's transportation programs would have been \$36,655 for Elderly Transportation and \$759 for General Public Transportation.

**Note 9 - Retirement Plan**

On March 1, 2003, the Council adopted the "401(k) Profit Sharing Plan for Employees of Livingston Council on Aging." To participate in the plan an employee must be at least 21 years old and have one year of service. Under the provisions of the plan, a participating employee may defer up to \$15,500 of wages per year (\$20,500 for employees age 50 or older). The Council is not required to contribute any amount to the plan or match any employee deferrals. For the fiscal year, the Council did not make any discretionary contributions to the plan. However, the participating employees deferred an aggregate amount of \$1,300.

**Note 10 - Board of Directors' Compensation**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursements for out-of-pocket expenses in accordance with the Council's travel reimbursement policy when traveling on behalf of the Council.

**Note 11 - Income Tax Status**

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

**Note 12 - On-Behalf Payments For Fringe Benefits**

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law (RS 11:82) requires the Council to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Council's pro-rata share of the required contribution was \$25,058 that was withheld by the Livingston Parish Sheriff from property tax collections to satisfy the Council's obligation. The Sheriff withholds the entire amount of this obligation in December each year even though some of the property taxes may never be collected. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

The \$25,058 withheld by the Sheriff has been included as part of the \$116,002 of "intergovernmental" expenditures of the General Fund on Exhibit D. Further, as described in Note 3, the Council has also increased its property tax revenues by the same amount of this intergovernmental expenditure.

**Note 13 - Judgments, Claims, and Contingent Liabilities**

There is no litigation pending against the Council at year-end. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by the Council's insurance or resolved without any material impact upon the Council's financial statements.

**Note 14 - Contingencies-Grant Programs**

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

**Note 15 - Economic Dependency**

The Council receives the majority of its revenue from a property tax assessment and through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA) and the Louisiana Department of Transportation and Development (DOTD). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Also, if the property in Livingston Parish were to be assessed at lower values due to natural disaster or another unpredictable event, the amount the Council receives annually from the property tax could be affected adversely. Management is not aware of any actions or events that will significantly affect the amount of funds the Council should receive next year relating to its property tax or grant revenues.

**Note 16 - Risk Management**

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. Also, all eligible employees who did not elect out of coverage are covered by commercial health insurance that is provided by the Council. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

**Note 16 - Risk Management - (Continued)**

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

**Note 17 - Lease and Rental Commitments**

The Council has no capital leases but on February 1, 1992, it entered into an operating lease with the City of Denham Springs, Louisiana, to lease the building that the Council currently occupies at 949 Government Street, Denham Springs, Louisiana. Also included in this lease is the use of an addition (the Senior Center) that is adjacent to that building. Terms of the lease required the Council to prepay the rent in a lump sum of \$130,000 for the entire lease term of 600 months (February 1, 1992 to January 31, 2042). As a result, the Council is amortizing this prepaid lease at \$216.67 per month over the term of this lease (\$2,600 annually). The unamortized balance as of year-end was \$84,717.

Other significant terms of the lease require the Council to (1) maintain at least \$500,000 of liability insurance, (2) pay all the contents insurance of the buildings, and (3) be responsible for the costs of interior maintenance. The City of Denham Springs is responsible for all costs relating to utilities, building fire and flood insurance, and major repairs to the external structure, heating and cooling system, and plumbing.

**Note 18 - Related Party Transactions**

There were not any related party transactions during the year.

**Note 19 - Encumbrances (Purchase Commitments)**

The Council has agreed to provide the matching funds (20% of the total cost) for four vehicles that will be purchased under the federal public transportation capital assistance program. Three of the vehicle purchase contracts are between the Livingston Parish Council (LPC) and the Louisiana Department of Transportation and Development (DOTD). Because the Council will contribute the required matching funds, the LPC will allow the Council to use those vehicles for the Council's transportation programs. The remaining vehicle purchase contract is between the Livingston Council on Aging and the Louisiana Department of Transportation and Development (DOTD). In early fiscal year 2009 the Council made the required \$35,315 matching deposits. Management expects all these vehicles to be delivered in early fiscal year 2010.

**Note 21 - Interfund Transfers**

Operating transfers to and from are listed by fund for the fiscal year as follows:

	Operating Transfers	
	In From	Out To
<b>General Fund:</b>		
Title III B Fund	\$ 0	\$ 438,934
Title III C-1 Fund	0	84,373
Title III C-2 Fund	0	190,535
Title III E Fund	0	46,489
Nonmajor Funds in the Aggregate	0	37,112
Total General Fund	0	797,443
<b>Title III B Fund:</b>		
General Fund	\$ 438,934	\$ 0
Section 5311 Fund	212,761	0
Nonmajor Funds in the Aggregate	69,000	0
Total Title III B Fund	720,695	0
<b>Title III C-1 Fund:</b>		
General Fund	\$ 84,373	\$ 0
Nonmajor Funds in the Aggregate	29,500	0
Total Title III C-1 Fund	113,873	0
<b>Title III C-2 Fund:</b>		
General Fund	\$ 190,535	\$ 0
Nonmajor Funds in the Aggregate	30,000	0
Total Title III C-2 Fund	220,535	0
<b>Title III E Fund:</b>		
General Fund	\$ 46,489	\$ 0
<b>Section 5311 Fund:</b>		
Title III B Fund	\$ 0	\$ 212,761
<b>Nonmajor Funds in the Aggregate:</b>		
General Fund	\$ 37,112	\$ 0
Title III B Fund	0	69,000
Title III C-1 Fund	0	29,500
Title III C-2 Fund	0	30,000
Total for Nonmajor Funds	37,112	128,500
<b>Grand Totals</b>	<b>\$ 1,138,704</b>	<b>\$ 1,138,704</b>



**Note 21 - Interfund Transfers - (Continued)**

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 22 - Subsequent Events**

Management has evaluated subsequent events through December 2, 2009, which is the date the financial statements were issued. There were no events that required disclosure, except as described in the next paragraph.

After year end and before the financial statements were issued, management was made aware of two Louisiana Attorney General Opinions, 05-0048 and 93-386, which appear to prohibit Louisiana parish sheriffs from charging and collecting a commission for the ad valorem taxes they collect. On November 24, 2009 the Council's management requested in writing that the Livingston Parish Sheriff (LPS) reimburse the Council on Aging \$293,190.50 for commissions improperly charged from 2004 to 2009. The LPS disagrees with the Council on Aging's interpretation of the law and has refused to reimburse the Council on Aging at this time. Management is continuing to investigate the matter and intends to pursue its request for reimbursement. No amounts have been recognized in these financial statements as revenues or receivables because management is unable to know for certain if its claim will be collected.

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB 34**

**Budgetary Comparison Schedule - General Fund**

Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2009

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 37,500	\$ 47,500	\$ 10,000
Dept. of Social Services (DSS)	0	3,427	3,427
Property Taxes	750,129	636,884	(113,245)
Public Support - unrestricted	0	1,143	1,143
Program Service Fees	92,000	45,501	(46,499)
Interest Income	20,000	7,423	(12,577)
Miscellaneous	0	100	100
Total Revenues	<u>899,629</u>	<u>741,978</u>	<u>(157,651)</u>
<b>EXPENDITURES</b>			
Current:			
Personnel	69,209	11,542	57,667
Fringe	18,545	4,005	14,540
Travel	243	33	210
Operating Services	21,473	3,769	17,704
Operating Supplies	18,112	1,926	16,186
Other Costs	7,197	6,818	379
Capital Outlays	174,034	47,910	126,124
Intergovernmental	<u>107,725</u>	<u>116,002</u>	<u>(8,277)</u>
Total Expenditures	<u>416,538</u>	<u>192,005</u>	<u>224,533</u>
Excess of revenues over expenditures	<u>483,091</u>	<u>549,973</u>	<u>66,882</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	0	0	0
Transfers out	<u>(716,055)</u>	<u>(797,443)</u>	<u>(81,388)</u>
Total other financing sources and uses	<u>(716,055)</u>	<u>(797,443)</u>	<u>(81,388)</u>
Net increase (decrease) in fund balance	<u>\$ (232,964)</u>	<u>(247,470)</u>	<u>\$ (14,506)</u>
<b>FUND BALANCE</b>			
Beginning of year		<u>710,054</u>	
End of year		<u>\$ 462,584</u>	

See notes to required supplementary information.

**Budgetary Comparison Schedule - Title III B Fund**

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 83,247	\$ 83,247	\$ 0
Public Support	7,000	14,699	7,699
<b>Total Revenues</b>	<u>90,247</u>	<u>97,946</u>	<u>7,699</u>
<b>EXPENDITURES</b>			
Current:			
Personnel	398,305	443,966	(45,661)
Fringe	115,207	141,287	(26,080)
Travel	1,254	1,971	(717)
Operating Services	86,372	97,032	(10,660)
Operating Supplies	77,951	75,407	2,544
Other Costs	20,302	26,717	(6,415)
Full Service	38,260	32,261	5,999
<b>Total Expenditures</b>	<u>737,651</u>	<u>818,641</u>	<u>(80,990)</u>
<b>Excess of expenditures over revenues</b>	<u>(647,404)</u>	<u>(720,695)</u>	<u>(73,291)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	647,404	720,695	73,291
Transfers out	0	0	0
<b>Total other financing sources and uses</b>	<u>647,404</u>	<u>720,695</u>	<u>73,291</u>
<b>Net increase (decrease) in fund balance</b>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>FUND BALANCE</b>			
Beginning of year		0	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

**Budgetary Comparison Schedule - Title III C-1 Fund**

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 115,048	\$ 115,048	\$ 0
Public Support	26,000	31,814	5,814
<b>Total Revenues</b>	<u>141,048</u>	<u>146,862</u>	<u>5,814</u>
<b>EXPENDITURES</b>			
Current:			
Personnel	101,653	99,257	2,396
Fringe	27,602	28,902	(1,300)
Travel	263	0	263
Operating Services	5,312	15,225	(9,913)
Operating Supplies	2,006	7,452	(5,446)
Other Costs	6,197	3,810	2,387
Full Service	1,265	1,265	0
Meals	120,000	104,824	15,176
<b>Total Expenditures</b>	<u>264,298</u>	<u>260,735</u>	<u>3,563</u>
Excess of expenditures over revenues	<u>(123,250)</u>	<u>(113,873)</u>	<u>9,377</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	123,250	113,873	(9,377)
Transfers out	0	0	0
<b>Total other financing sources and uses</b>	<u>123,250</u>	<u>113,873</u>	<u>(9,377)</u>
<b>Net increase (decrease) in fund balance</b>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>FUND BALANCE</b>			
Beginning of year		0	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

**Budgetary Comparison Schedule - Title III C-2 Fund**

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 69,840	\$ 69,840	\$ 0
Public Support	12,000	9,708	(2,292)
<b>Total Revenues</b>	<u>81,840</u>	<u>79,548</u>	<u>(2,292)</u>
<b>EXPENDITURES</b>			
Current:			
Personnel	37,253	40,542	(3,289)
Fringe	10,713	12,642	(1,929)
Travel	118	0	118
Operating Services	8,955	8,871	84
Operating Supplies	8,134	6,472	1,662
Other Costs	1,708	1,231	477
Full Service	1,265	300	965
Meals	220,000	230,025	(10,025)
<b>Total Expenditures</b>	<u>288,146</u>	<u>300,083</u>	<u>(11,937)</u>
<b>Excess of expenditures over revenues</b>	<u>(206,306)</u>	<u>(220,535)</u>	<u>(14,229)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	206,306	220,535	14,229
Transfers out	0	0	0
<b>Total other financing sources and uses</b>	<u>206,306</u>	<u>220,535</u>	<u>14,229</u>
<b>Net increase (decrease) in fund balance</b>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>FUND BALANCE</b>			
Beginning of year		0	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

**Budgetary Comparison Schedule - Title III E Fund**

**Livingston Council on Aging  
Derham Springs, Louisiana  
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 33,749	\$ 33,749	\$ 0
Total Revenues	<u>33,749</u>	<u>33,749</u>	<u>0</u>
<b>EXPENDITURES</b>			
Current:			
Personnel	2,421	1,693	728
Fringe	1,763	446	1,317
Travel	5	0	5
Operating Services	139	39	100
Operating Supplies	1,372	19	1,353
Other Costs	1,148	32	1,116
Full Service	60,500	78,009	(17,509)
Total Expenditures	<u>67,348</u>	<u>80,238</u>	<u>(12,890)</u>
Excess of expenditures over revenues	<u>(33,599)</u>	<u>(46,489)</u>	<u>(12,890)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	33,599	46,489	12,890
Transfers out	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources and uses	<u>33,599</u>	<u>46,489</u>	<u>12,890</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>FUND BALANCE</b>			
Beginning of year		<u>0</u>	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.

**Budgetary Comparison Schedule - Section 5311 Fund**

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Livingston Parish Council	\$ 212,761	\$ 212,761	\$ 0
<b>Total Revenues</b>	<u>212,761</u>	<u>212,761</u>	<u>0</u>
<b>EXPENDITURES</b>			
Current:			
Personnel	0	0	0
Fringe	0	0	0
Travel	0	0	0
Operating Services	0	0	0
Operating Supplies	0	0	0
Other Costs	0	0	0
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of revenues over expenditures</b>	<u>212,761</u>	<u>212,761</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	0	0	0
Transfers out	(212,761)	(212,761)	0
<b>Total other financing sources and uses</b>	<u>(212,761)</u>	<u>(212,761)</u>	<u>0</u>
<b>Net increase (decrease) in fund balance</b>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>FUND BALANCE</b>			
Beginning of year		0	
End of year		<u>\$ 0</u>	

See notes to required supplementary information.



## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **LIVINGSTON COUNCIL ON AGING DENHAM SPRINGS, LOUISIANA**

**FOR THE YEAR ENDED JUNE 30, 2009**

#### **NOTE 1 - BUDGETARY REPORTING**

The budget information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "nonmajor" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for its programs.
- Management projects property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- The Livingston Parish Council (LPC) also provides funds to the Council via the Section 5311 program administered by the Louisiana Department of Transportation and Development (DOTD). Accordingly, the Council submits an application and budget to DOTD to request funding under the Section 5311 program. DOTD, in turn, notifies the Council of the maximum amount the Council can get reimbursed under this program in the upcoming year.
- The revenue information supplied by GOEA and DOTD are considered by management along with revenue projections of grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(Continued)**

- Once information regarding projected revenues and expenditures has been obtained, the Council's executive director and bookkeeper prepare a proposed budget based on the projections. The proposed budget is reviewed and approved by the Council's Finance Committee before it is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting, usually held before May 31 of the current fiscal year.
- The adopted budget is forwarded to GOEA for final compliance approval.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, the Council will automatically re-budget funds in the next fiscal year to complete the grant or contract. An example where this type of situation arises is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicle delivered in another.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. Budget amendments are sent to GOEA and approved by that agency. During the fiscal year, management did not amend the Council's budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(Continued)**

- The Council may transfer funds between line items in its budget as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs (GOEA) for funds received under grants from this agency. As part of its grant compliance, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed their budgeted amounts by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

**NOTE 2 - GENERAL FUND'S BUDGETED OPERATING DEFICIT**

Management budgeted an operating deficit in the Council's General Fund this year because (1) the Council needed to purchase some capital assets and would do so by consuming funds that the Council earned in prior years but had not spent, and (2) management budgets for unexpected occurrences as a matter of conservative financial policy. Management was able to budget the operating deficit because the Council had enough fund balance to cover the deficit.

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY  
THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2009

	AAA	Title III D	NSIP	Senior Center	Supple. Senior Center	Audit	ARRA Stimulus C-1	ARRA Stimulus C-2	Utility Assistance	FTA	Totals
<b>REVENUES</b>											
Intergovernmental:											
Governor's Office of Elderly Affairs	\$ 28,464	\$ 4,501	\$ 59,500	\$ 66,010	\$ 2,990	\$ 2,529	\$ 3,142	\$ 1,547	\$ 0	\$ 0	\$ 168,683
La Dept of Transportation & Development	0	0	0	0	0	0	0	0	0	33,541	33,541
Public Support (Restricted):											
Various utility companies	0	0	0	0	0	0	0	0	26,675	0	26,675
Total revenues	28,464	4,501	59,500	66,010	2,990	2,529	3,142	1,547	26,675	33,541	228,899
<b>EXPENDITURES</b>											
Health, Welfare, & Social Services:											
Current											
Personnel	15,792	4,629	0	0	0	0	0	0	0	0	20,421
Fringe	5,361	1,269	0	0	0	0	0	0	0	0	6,630
Operating Services	2,717	116	0	0	0	0	0	0	0	0	2,833
Operating Supplies	1,531	348	0	0	0	0	0	0	0	0	1,879
Other Costs	3,063	292	0	0	0	22,054	0	0	0	0	25,409
Meals	0	0	0	0	0	0	3,142	1,547	0	0	4,689
Utility Assistance	0	0	0	0	0	0	0	0	40,164	0	40,164
Capital Outlay	0	0	0	0	0	0	0	0	0	33,541	33,541
Total expenditures	28,464	6,654	0	0	0	22,054	3,142	1,547	40,164	33,541	135,566
Excess of revenues over (under) expenditures	0	(2,153)	59,500	66,010	2,990	(19,525)	0	0	(13,489)	0	93,333
<b>OTHER FINANCING SOURCES (USES)</b>											
Operating transfers in	0	2,153	0	0	0	19,525	0	0	15,434	0	37,112
Operating transfers out	0	0	(59,500)	(66,010)	(2,990)	0	0	0	0	0	(128,500)
Net increase (decrease) in fund balances	0	0	0	0	0	0	0	0	1,945	0	1,945
<b>FUND BALANCE (DEFICIT)</b>											
Beginning of year	0	0	0	0	0	0	0	0	6,589	0	6,589
End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,534	\$ 0	\$ 8,534

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS  
AND CHANGES IN CAPITAL ASSETS**

Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<b><u>Capital Assets</u></b>				
Vehicles	\$ 108,142	\$ 74,980	\$ 0	\$ 183,122
Furniture & equipment	33,141	1,993	0	35,134
Computer equipment	4,736	3,006	0	7,742
Nutrition equipment	3,125	1,472	0	4,597
Storage building	4,739	0	0	4,739
Leasehold improvements	12,008	0	0	12,008
Health maintenance equipment	1,995	0	0	1,995
Total capital assets	<u>\$ 167,886</u>	<u>\$ 81,451</u>	<u>\$ 0</u>	<u>\$ 249,337</u>
<b><u>Investment in Capital Assets</u></b>				
Property acquired with funds from -				
General Funds & Local Donations	\$ 141,491	\$ 47,910	\$ 0	\$ 189,401
PCOA	25,000	0	0	25,000
Federal Transit Administration Grants	0	33,541	0	33,541
Senior Center	1,395	0	0	1,395
Total investment in capital assets	<u>\$ 167,886</u>	<u>\$ 81,451</u>	<u>\$ 0</u>	<u>\$ 249,337</u>

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY OMB CIRCULAR A-133**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Livingston Council on Aging  
Denham Springs, Louisiana

For the year ended June 30, 2009

FEDERAL GRANTOR/PASS-THROUGH GRANTORS/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY NUMBER	GRANT YEAR ENDED	PROGRAM OR AWARD AMOUNT	FEDERAL REVENUE RECOGNIZED	FEDERAL, EXPENDITURES
<b>U.S. Department of Health and Human Services - Administration on Aging</b>						
Passed through the Governor's Office of Elderly Affairs:						
Aging Cluster for Special Programs for the Aging:						
Title III, Part B - Grant for Supportive Services and Senior Centers	93.044	CFMS 656507	6/30/2009	61,552	61,552	61,552
Subtotal CFDA 93.044				61,552	61,552	61,552
Title III, Part C - Nutrition Services	93.045	CFMS 656507	6/30/2009			
Area Agency Administration paid for with Part C-1 funds				16,224	16,224	16,224
Part C-1 - Congregate Meals Component				60,050	60,050	60,050
Part C-2 - Home Delivered Meals Component				40,721	40,721	40,721
Subtotal CFDA 93.045				116,995	116,995	116,995
Nutrition Services Incentive Program	93.053	CFMS 656345	6/30/2009	59,500	59,500	59,500
ARRA - Aging Congregate Nutrition Services for States	93.707	CFMS 677518	6/30/2009	3,142	3,142	3,142
ARRA - Aging Home-Delivered Nutrition Services for States	93.705	CFMS 677518	6/30/2009	1,547	1,547	1,547
Total Aging Cluster (CFDAs 93.044, 93.045, 93.053, 93.705 & 93.707)				242,736	242,736	242,736
Other Special Programs for the Aging:						
Title III, Part D - Disease Prevention & Health Promotion Services	93.043	CFMS 656507	6/30/2009	4,501	4,501	4,501
Title III, Part E - National Family Caregivers Support Program	93.052	CFMS 656507	6/30/2009	25,312	25,312	25,312
Area Agency Administration paid for with Title III, Part E funds	93.052	CFMS 656507	6/30/2009	5,124	5,124	5,124
<b>Totals for U.S. Department of Health &amp; Human Services - Administration on Aging</b>				<b>277,673</b>	<b>277,673</b>	<b>277,673</b>
<b>U.S. Department of Transportation, Federal Transit Administration</b>						
Passed through the Louisiana Department of Transportation and Development:						
Federal Transit Cluster:						
Federal Transit - Capital Investment Grants						
* (Federal project # LA -04 -0011), (State project # 741-99-0188)	20.500	*	N/A	33,541	33,541	33,541
** (Federal project # LA -04 -0022), (State project # 741-99-0214)	20.500	**	N/A	34,181	0	0
Total Federal Transit Cluster				67,722	33,541	33,541
Passed through the Louisiana Department of Transportation and Development:						
Passed through the Livingston Parish Council:						
Formula Grants for Other Than Urbanized Areas (Section 5311):						
*** (Federal project # LA -18 -X026), (State project # 741-32-0115)	20.509	***	6/30/2009	212,761	212,761	212,761
<b>Totals for U.S. Department of Transportation, Federal Transit Administration</b>				<b>280,483</b>	<b>246,302</b>	<b>246,302</b>
<b>Total federal awards</b>				<b>\$ 558,156</b>	<b>\$ 523,975</b>	<b>\$ 523,975</b>

The accompanying notes are an integral part of this schedule

Note A - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Livingston Council on Aging and has been prepared using the modified accrual basis of accounting as contemplated under generally accepted accounting principles and which is the same basis of accounting used for presenting the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the fund financial statements.

Note B - The Livingston Council on Aging did not pass-through any of its federal awards to a subrecipient during the fiscal year.

Note C - No federal awards were expended in the form of non-cash assistance during the fiscal year.



# NEIL G. FERRARI

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,  
Livingston Council on Aging  
Denham Springs, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Livingston Council on Aging, Denham Springs, Louisiana, (the Council) as of and for the year ended June 30, 2009, which collectively comprise the Council's basic financial statements and have issued my report thereon dated December 2, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Council's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Council's management, finance committee, board of directors, pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Baton Rouge, Louisiana,  
December 2, 2009

A handwritten signature in black ink that reads "Neil Ferrari, CPA". The signature is written in a cursive, flowing style.

Neil G. Ferrari, CPA

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors,  
Livingston Council on Aging  
Denham Springs, Louisiana

### Compliance

I have audited the compliance of Livingston Council on Aging, Denham Springs, Louisiana, (the Council) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. My responsibility is to express an opinion on the Council's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Council's compliance with those requirements.

In my opinion, Livingston Council on Aging, Denham Springs, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### **Internal Control Over Compliance**

The management of Livingston Council on Aging, Denham Springs, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Council's management, finance committee, board of directors, management, federal awarding and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Baton Rouge, Louisiana,  
December 2, 2009.

A handwritten signature in black ink that reads "Neil Ferrari, CPA". The signature is written in a cursive, flowing style.

Neil G. Ferrari, CPA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Livingston Council on Aging  
Denham Springs, Louisiana  
For the Year Ended June 30, 2009

### A. SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses?  
None reported
- Noncompliance material to the financial statements noted? No

#### Federal Awards:

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses?  
None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No

The programs tested as major programs are as follows:

#### U.S. Department of Health and Human Services - Administration on Aging

Aging Cluster for Special Programs for the Aging:

- Title III, Part B - Grants for Supportive Services and Senior Centers; CFDA 93.044,
- Title III, Part C - Nutrition Services; CFDA 93.045,
- Nutrition Services Incentive Program; CFDA 93.053,
- ARRA - Aging Congregate Nutrition Services for States; CFDA 93.707, and
- ARRA - Aging Home-Delivered Nutrition Services for States; CFDA 93.705.

#### U.S. Department of Transportation, Federal Transit Administration

Formula Grants for Other than Urbanized Areas; CFDA 20.509.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(Continued)**

The threshold for distinguishing Types A and B programs was \$300,000.

The Livingston Council on Aging was determined not to be a low-risk auditee.

**B. FINANCIAL STATEMENT FINDINGS**

There were no findings that are required to be reported in this section of the report.

**C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings that are required to be reported in this section of the report.

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Livingston Council on Aging  
Denham Springs, Louisiana

For the year ended June 30, 2009

### Financial Statements Findings

#### Finding 2008-1: Errors Noted in Allocating Transportation Costs

**Auditor's Recommendation from Last Year's Audit:** The monthly worksheet used to allocate transportation costs should be double checked, preferably by someone other than the preparer, to verify the data has been entered accurately and that the output makes sense. Before the books are closed each year, the entire worksheet should be reviewed in detail with the objective of catching errors of all types so that adjustments can be made to the books before they are closed. As a reminder, any time a document is reviewed; the reviewer should sign her name and put the date performed on the document.

#### **Management's Response and Corrective Action Plan in Last Year's Audit:**

The director will review reports and sign and date them. Management has arranged for the bookkeeper to receive on-going training in FY 2009.

**Current Status:** Corrected. The Council subcontracted with an outside CPA who reviews the monthly reports and trains the bookkeeper each month.

#### Finding 2008-2: Subcontracted Services

**Auditor's Recommendation from Last Year's Audit:** First, management should review or have an attorney review the contracts that the Council is currently using to determine if modifications are necessary to clarify terms and provisions and ensure they are tailored to the specifics of the services being subcontracted. Second, management should develop a monitoring form to be used when monitoring a subcontractor that will incorporate the key terms of the contract and any governmental program compliance requirements so that the person doing the monitoring can address each important component and document the process. Third, monitoring should be planned and scheduled in an organized manner rather than allowing time to pass only to realize late in the fiscal year that no monitoring has been done. Fourth, management needs an approval process that will require a written amendment in cases when key contract terms change.



## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

**Management's Response and Corrective Action Plan in Last Year's Audit:** Management shall review or have an attorney review contracts to determine if modifications are necessary to clarify terms and provisions and ensure that contracts are tailored to the specifics of the service being contracted. Management is developing a monitoring form that will incorporate key terms of contracts and governmental program compliance requirements so that each important component can be evaluated and documented. Management will schedule monitoring throughout the year. Management will develop an approval process that will require a written amendment in cases when key contract terms change.

**Current Status:** Corrected. Following the auditor's recommendations, the Executive Director and the Council's subcontracted CPA reviewed each contract. They determined that the contracts for respite and legal services needed modifications as mentioned by the auditor. These contracts are for multiple years of service and we are in the middle of the contract period. Next time the procurement process occurs for these services, management intends to implement the changes to cure the deficiencies. Presently, management is aware of the contract defects and monitors them to prevent the subcontractor from taking advantage of the Council.

### **Finding 2008-3: Procedures and Controls Relating to Cash Fare Riders Have a Few Design Weaknesses**

#### **Auditor's Recommendation from Last Year's Audit:**

1. On the dispatch log, the dispatcher should:

- Write next to each rider's name the related program, such as cash fares, III B, or other.
- Use a standard code that will distinguish if the ride is a one-way or roundtrip fare, and if the trip is in the Parish or out of the Parish.
- Note the amount that should be charged to the cash fare rider next to his name and, then at the end of each page, write a total of the daily cash fares that should be collected for ease of comparison when the money is turned in by the drivers.
- Describe any deviation from the standard cash fare to protect her integrity.
- Note her follow up calls to riders who canceled trips or were "no shows" (per the driver's trip log) to verify that the driver accurately reported this information.
- Go back to July 1, 2008 and make sure this type of information has been noted on the dispatch logs.

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

2. When special circumstances arise that might cause someone to deviate from charging the standard fare or following the Council's policy, the dispatcher should write up a report and submit it to the Council's director for review and approval.

### **Management's Response and Corrective Action Plan in Last Year's Audit:**

The Council will implement the following changes:

- Write next to each rider's name the related program;
- Code if trip is one-way or roundtrip, in Parish or out of Parish;
- Note amount that should be charged to the cash fare rider next to his name and, then at the end of each page, write a total of the daily cash fares that should be collected for ease of comparison when the money is turned in by the drivers;
- Describe any deviation from the standard cash fare to protect the driver's integrity;
- Go back to July 1, 2008 and make sure this type of information has been noted on the dispatch logs; and
- When special circumstances arise that might cause someone to deviate from charging the standard fare or following the Council's policy, the dispatcher should write up a report and submit it to the Council's director for review and approval.

**Current Status:** Corrected. The transportation dispatcher went back to July 1, 2008 and made the notes recommended by the auditor last year.

### **Finding 2008-4: Some Bookkeeping Procedures and Controls are not being Performed as Intended or Have Not Been Designed to Prevent Bookkeeping Errors**

**Auditor's Recommendation from Last Year's Audit:** The auditor recommended the following be done to prevent bookkeeping errors.

- Amortize prepaid expenditures throughout the year rather than wait until year end to make the adjustments.
- Remember to use the self-checking totals built into the indirect cost allocation worksheet to catch errors in data input so that the indirect costs will be allocated correctly.
- Remember to use the reconciliation worksheet each month when preparing utility assistance reports to ensure that the books balance with the reports.
- Review each balance sheet account to make sure you have accounted for all related transactions and can reconcile or prove the ending balance each month. In particular, pay close attention to payroll tax withholding accounts and make sure they also agree with or can be reconciled to the "pay liabilities window" within Quickbooks.

## **SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (Continued)**

- Allocate monthly health insurance premium expenditures according to how employee wage costs were allocated each month. Presently, health insurance costs are allocated using the indirect cost percentages, which are not as accurate as using each employee's actual wage allocation. This means health insurance premiums will be allocated as a direct cost.
- Make sure all donations are recorded as either restricted or unrestricted public support. I noted a couple of instances where donations had not been properly recorded.
- Make sure the workman's compensation feature of Quickbooks is being used as designed by the software so that this type of cost will follow each employee's wage cost as a direct cost within Quickbooks. When the annual rate changes, remember to change the rate within the software.
- If property insurance premiums can be specifically linked to a program, then record them as a direct cost of the program rather than coding the cost as an indirect type cost.

### **Management's Response and Corrective Action Plan in Last Year's Audit:**

Management has implemented on-going training to reinforce the knowledge and skills required to perform bookkeeping procedures in a manner that will comply with accounting principles and governmental requirements.

**Current Status:** Corrected. The only item from the above list that was still in process at June 30, 2009 is the one having to do with allocating health insurance costs directly based on related employee wages. Because the auditor reported his finding in the middle of the year, we opted to continue the old practice through FY 2009 for consistency purposes and will use the *direct cost* method in FY 2010. Management will obtain technical training from either the auditor or our subcontracted CPA to make sure the accounting and allocations are done as expected.

### **Major Federal Award Program Findings and Questioned Costs**

None were reported last year because the Council was not subject to a single audit.

### **Management Letter**

None was issued last year.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

**Livingston Council on Aging  
Denham Springs, Louisiana**

**For the Year Ended June 30, 2009**

To the following oversight agencies for audit:

**Federal:** U.S. Department of Health and Human Services - Administration on Aging.

**State:** Legislative Auditor of the State of Louisiana; and  
Governor's Office of Elderly Affairs.

Livingston Council on Aging, Denham Springs, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2009.

**Name and address of independent public accounting firm:** Neil G. Ferrari, CPA, 14481 Old Hammond Highway, Suite 4, Baton Rouge, Louisiana, 70816.

**Audit period:** For the year ended June 30, 2009.

The auditor did not report any findings relating to the financial statements or federal award programs. Accordingly, there was not any need for management to have a corrective action plan this year in response to his findings.

If you have any questions regarding this corrective action plan, please call Sharon Martin, the Council's Executive Director, at (225) 664-9343.